



2004 Individual Income Tax Worksheets

Worksheet VI - Itemized Deduction Worksheet

Column A

Column B

1. Enter the amount from Form 2A, line 94a (Total itemized deductions)..... 1. _____
2. Add the amounts on Form 2A, lines 70, 73, 74, 79, 83, 85, 86, and 93..... 2. _____
3. Subtract line 2 from line 1. If the result is zero, enter the amount from line 1 above on Form 2, line 39. Stop Here. You do not need to complete this worksheet..... 3. _____
4. Multiply amount on line 3 above by 80% (.80)..... 4. _____
5. Enter the amount from Form 2, line 38..... 5. _____
6. Enter \$142,700 (\$71,350 if married filing separately, even if filing on the same form)..... 6. _____
7. Subtract line 6 from line 5. (If the result is zero or less, enter the amount from line 1 above on Form 2, line 39. Stop Here. You do not need to complete this worksheet..... 7. _____
8. Multiply line 7 by 3% (.03)..... 8. _____
9. Compare the amounts on lines 4 and 8 above. Enter the smaller of the two amounts here and on Form 2A, line 94b..... 9. _____

Worksheet VII - Calculation of Underpayment Interest Penalty for Failure to Make Estimated Payments

Underpayment Interest of Estimated Tax

In 2004 you must have paid through estimated installments or a combination of withholding and estimated installments the smaller of 1) 90% of your current year's tax liability after credits, or 2) an amount equal to 100% of your previous year's total tax liability. Payments made with extensions are not considered estimated payments. If you do not meet this requirement, you may be subject to underpayment interest.

You may use the short method to figure your interest only if

- you made no estimated tax payments (or your only payments were Montana withholding), or
- you paid estimated tax in four equal amounts by the due dates.

If you cannot use the short method call the department at (406) 444-6900 to request an underpayment interest form (EST-I).

A taxpayer who derives at least 2/3 of gross income from farming or ranching is not subject to estimated tax. Montana law does not provide for a "lookback" to the previous year when determining if a taxpayer is a qualifying farmer or rancher.

Short Method

1. Enter your 2004 tax from line 54 on Form 2 or line 31 on Form 2S (total liability if married filing separately on the same form). _____
2. Enter 90% of line 1 above. _____
3. Enter your total withholding from line 55, amount credited from prior year's tax included in line 56, and the elderly homeowner/renter credit from line 58 on Form 2 or line 34 on Form 2S. (If married filing separately, enter the total payments). _____

4. Subtract line 3 from line 1. If the result is \$500 or less, do not complete the rest of the form. You do not owe the underpayment interest. _____
5. Enter your 2003 tax (line 55 of 2003 Form 2 or line 31 on 2003 Form 2S). If married filing separately, enter the total tax. _____
6. Enter the smaller of line 2 or line 5. _____
7. Enter the amount from line 3 plus any estimated payments included in line 57. _____
8. Total underpayment for the year. Subtract line 7 from line 6. If zero or less, stop here. You do not owe the underpayment interest. _____
9. Multiply line 8 by .07980 and enter the result. _____
10. If the amount on line 8 was paid on or after April 15, 2005 enter zero. If the amount on line 8 was paid before April 15, multiply amount on line 8 x number of days paid before April 15 x .0003288. _____
11. Underpayment interest. Subtract line 10 from line 9. Enter the results here and on line 65 of Form 2 or line 37 of Form 2S or on line 51 of Form FID-3. **Total Due:** _____

When you file your Montana income tax return electronically you represent that you have retained all documents required as a tax record and that you will provide a copy to the department upon request.